

Increasing R&D Commercialization in Virginia

Is it Possible?

(Perspectives from a Technology Investor)

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Common Fallacies

- ♦ If Only More People Knew About Our Great IP.....



We Must Create a Central Database

- ♦ There is a Shortage of Capital to Fund IP Spinouts



We Need More State Money

- ♦ University Licensing Offices Need More Staff and \$\$



We Need More State Money

- ♦ A Standard, Simple IP Licensing Form is the Answer



Necessary but Insufficient: A Good Start

Hard Questions

- ♦ Why Does Each University Need a Separate Licensing Office? Are Any of them Profitable? Could They be Centralized? Should Some of them Be?
- ♦ Who Should Run Licensing Offices? Lawyers or Business people?
- ♦ Should we try to Maximize Licensing Royalties or Maximize the Amount of IP that is Commercialized? Should we Seek Cash or Equity?
- ♦ Should Professors be Encouraged to Interrupt their Academic Careers to Start Businesses? Do University Policies Encourage or Discourage this? How About Graduate Students? Undergraduates?

Root Problems in Virginia

- ♦ Geography: Vast Majority of Start-ups and Technology Companies are in Northern Virginia. Vast Majority of Universities are Not. Minimal Networking Between Business and Academia
- ♦ University Culture: Large Rewards to Professors Bringing in Research \$\$\$. Royalty Participation “Hope Certificates” for IP Licensing. Stopping Out to Start a Business is Discouraged. Hard for PHD Candidates to Stop Out and Stay on Track.
- ♦ DARPA/NRL Research Closer to Commercialization than most University IP – and Easier to Work With.

Suggestions

- ♦ Pursue Every Possible Angle to Increase Share of Federal Funding to Virginia Institutions – a “Free Good.”
- ♦ Copy Framework for Virginia’s New Business One-Stop for IP Licensing: Short Form Agreement, 3-7 Day Comment Turnaround, Rapid Approval, Online Submission and Contact Information for IP Officers and Escalation Chain of Command.
- ♦ Reward University Professors (and Graduate Students) for Stopping Out to Start New IP-Based Businesses Through Cash Stipends, Tenure (or Course Work) Credit, Ongoing Access to University Resources.
- ♦ Tie State Research Funds Given to Universities to Changes in Metrics of Commercialization Offices: # of Company Spinouts and # of IP Commercialization Agreements.
- ♦ All Licensees are not the same. Big Companies licensing non-exclusive fundamental patents should pay cash royalties. Start-up Companies licensing exclusive IP that needs further development to take to market should surrender equity, not cash.

Resources

- ♦ Great Interview with Stanford's President John Hennessy (2004):
<http://www.aycinena.com/index2/index3/archive/hennessy.html>
- ♦ Excellent Case Study of Stanford's IP Licensing History and Current Practices (2010):
<http://www.iphandbook.org/handbook/ch17/p13/>
- ♦ Our Website: <http://www.navfund.com/>